



Senate

General Assembly

File No. 479

January Session, 2009

Substitute Senate Bill No. 1132

Senate, April 6, 2009

The Committee on Energy and Technology reported through SEN. FONFARA, J. of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING ENERGY INEFFICIENT STATE BUILDINGS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) For purposes of this
2 section: "Municipal and state energy efficiency and improvement
3 program" means the coordinated effort among an electric distribution
4 company and municipal and state facilities that provides for the
5 development, installation and recovery of energy efficiency equipment
6 and systems at such facilities as approved by the Department of Public
7 Utility Control.

8 (b) Notwithstanding section 16-245m of the general statutes, to
9 facilitate the promotion of energy efficiency and other improved
10 energy end uses and to lower annual energy costs at municipal and
11 state facilities, an electric distribution company, upon application to
12 the department, may offer a municipal and state energy efficiency and
13 improvement program to its municipal and state customers to improve
14 the energy usage profile of such facilities to maximize potential

15 conservation and energy efficiency opportunities. As part of such
16 program, the electric distribution companies may contract with a
17 Connecticut electric efficiency partner, as defined in section 16-243v of
18 the general statutes. Such program shall establish arrangements
19 between an electric distribution company and such facility that
20 provides for savings for such facility in energy costs and repayment of
21 the entire cost of the program through a customer-specific facilities
22 charge, provided any arrangement shall be funded up to one hundred
23 per cent by the electric distribution company. The department shall
24 approve an application for a program not later than sixty days after its
25 submittal. The provisions of section 16-43 of the general statutes shall
26 not apply to this program.

27 (c) The municipal and state energy efficiency and improvement
28 program shall include, but not be limited to, development and
29 installation of energy efficiency measures and equipment, fuel cells,
30 thermal storage, high efficiency boilers and burners, controls and
31 monitoring equipments, renewable or emergency generation, and
32 combined heat and power systems. An electric distribution company
33 shall use local contractors, service companies and installers to assist in
34 the development and installation of technologies at such facilities to
35 the extent practical and economic.

36 (d) Arrangements between a municipal or state facility and an
37 electric distribution company shall provide for payments from such
38 facility based on a formula to calculate monthly charges that provides
39 for full recovery of any incurred costs, including a return on
40 investment, based on cost-of-service principles pursuant to section 16-
41 19e of the general statutes, provided the department approves such
42 formula after a hearing held in a proceeding or proceedings separate
43 from other distribution rate proceedings. Once approved, such
44 formula and facility-specific charges may be adopted and included in
45 each arrangement. Monthly charges may be designed in a manner that
46 provides for levelized repayment. Such projects shall be eligible for
47 any state or federal incentives, grants or credits, including, but not
48 limited to, those available under programs administered by the

49 Renewable Energy Investment Board, and any proceeds realized from
50 such sources shall be used to offset costs for such facility. Monthly
51 charges may be included in such facility's electric bills or charged
52 separately.

53 (e) Arrangements between an electric distribution company and a
54 municipal or state facility may not exceed ten years, provided, if
55 approved by the department or if the arrangement includes the
56 installation of renewable, emergency or combined heat and power
57 generation, such arrangement may be for up to twenty years.

58 (f) An electric distribution company may fund the municipal and
59 state energy efficiency program annually at a level up to one per cent
60 of its total annual revenues for the last calendar year as reported to the
61 department. An electric distribution company shall determine the level
62 of annual funding for such program.

63 (g) Notwithstanding any provision of the general statutes,
64 municipal and state facilities may negotiate and enter into
65 arrangements with an electric distribution company in which service
66 territory such facility resides if such arrangements are pursuant to a
67 municipal and state energy efficiency and improvement program
68 developed pursuant to this section and approved by the department.

69 (h) Commencing in June 2011, and annually thereafter, an electric
70 distribution company providing services under a municipal and state
71 facility energy efficiency and improvement program shall provide a
72 report to the department and the joint standing committee of the
73 General Assembly having cognizance of matters relating to energy, in
74 accordance with section 11-4a of the general statutes, on the costs and
75 savings associated with such program. Any incremental costs
76 associated with such monitoring and reports shall be recovered
77 through the systems benefits charge.

78 (i) Notwithstanding any provision of the general statutes, a state
79 agency responsible for the energy costs of a facility participating in the
80 program shall be eligible for retaining twenty-five per cent of the net

81 savings over the first three years of the project for such agency's
82 operating budget and such retention shall not be factored into state
83 budgeting process for such agency.

This act shall take effect as follows and shall amend the following sections:

| | | |
|-----------|---------------------|-------------|
| Section 1 | <i>from passage</i> | New section |
|-----------|---------------------|-------------|

Statement of Legislative Commissioners:

In subsection (b) in the last sentence, "not later than" was substituted for "within" for clarify. In subsection (d) in the first sentence, "approves" was substituted for "shall approve" for conformity with the drafting conventions of the general statutes; in subsection (g), "section" was substituted for "act" for accuracy and conformity with such drafting conventions; and in subsection (h), the phrase "in accordance with section 11-4a of the general statutes" was added for clarity.

ET *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

| Agency Affected | Fund-Effect | FY 10 \$ | FY 11 \$ |
|------------------------|-----------------------------|-----------|-----------|
| Various State Agencies | All Funds - Revenue Gain | See Below | See Below |

Municipal Impact: None

Explanation

This bill provides that state agencies which are responsible for the energy costs of a facility participating in the program may retain 25% of the net savings over the first three years of the project for their operating budget and that the amount retained may not be factored into the state budgeting process for that agency. To the degree that such savings can be determined; there will be a revenue gain for any state agency that chooses to participate in the type of program created by the bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 1132*****AN ACT CONCERNING ENERGY INEFFICIENT STATE BUILDINGS.*****SUMMARY:**

This bill allows electric companies, upon application to the Department of Public Utility Control (DPUC), to offer a program to its municipal and state customers to improve how they use energy in their facilities to maximize potential conservation and energy efficiency opportunities. Arrangements between an electric company and a municipal or state facility under the program may not exceed 10 years (20 years if the arrangement includes the installation of renewable or emergency generation or cogeneration or for any arrangement approved by DPUC). The bill allows the electric companies to fund the program at a level up to 1% of its total annual revenue for the last calendar year, as reported to DPUC. The company must determine the level of program funding.

A state agency responsible for the energy costs of a facility participating in the program may keep 25% of the net savings over the first three years of the project for its operating budget. This retention may not be factored into the state budgeting process for the agency.

Starting in June 2011, an electric company providing services under the program must report annually to DPUC and the Energy and Technology Committee on the costs and savings associated with the program. The costs of monitoring the program must be recovered by the systems benefits charge on electric bills.

The electric companies can implement this program outside of the process that governs their other efficiency programs, which entails a review by the Energy Conservation Management Board and DPUC approval. The provisions of a law that requires DPUC approval before

a utility can dispose of its essential property or merge with another company do not apply to this program.

EFFECTIVE DATE: Upon passage

MUNICIPAL AND STATE ENERGY EFFICIENCY PROGRAM

The program must establish arrangements between an electric company and municipal and state facilities that provides for (1) savings for the facility in energy costs and (2) repayment of the entire cost of the program through a customer-specific facilities charge. The electric company must fully fund any arrangement.

The program must at least include development and installation of energy efficiency measures and equipment, fuel cells, thermal storage, high-efficiency boilers and burners, controls and monitoring equipment, renewable or emergency generation, and cogeneration systems. An electric company must use local contractors, service companies, and installers to help develop and install technologies at facilities to the extent practical and economic. As part of such program, the electric companies may contract with a Connecticut electric efficiency partner. These are entities that provide energy management, on-site generation, and related services.

Arrangements between a municipal or state facility and an electric company must provide for payments from the facility based on a formula to calculate monthly charges that provides for full recovery of any incurred costs, including a return on investment, based on cost-of-service principles. Monthly charges may be designed to provide for level repayments. DPUC must approve the formula after a hearing held in a proceeding separate from other distribution rate cases. Once approved, the formula and facility-specific charges may be adopted and included in each arrangement. DPUC must approve an application for the program within 60 days of its submittal.

The projects are eligible for any state or federal incentives, grants, or credits, including those available under programs administered by the Clean Energy Fund Board. Any money from these sources must be

used to offset costs for the facility. Monthly charges may be included in the facility's electric bills or charged separately.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 21 Nay 0 (03/19/2009)